

Internal Revenue Service
P.O. Box 2508
Cincinnati, OH 45201

Department of the Treasury

Release Number: **201143025**
Release Date: 10/8/2011
Date: August 5, 2011

Employer Identification Number:

Contact Person - ID Number:

Contact Telephone Number:

LEGEND

UIL: 4945.04 - 04

N =
x =
y =
z =

Dear

We have considered your request for advance approval of your grant-making program under section 4945(g)(1) of the Internal Revenue Code, dated May 20, 2010.

Our records indicate that you were recognized as exempt from federal income tax under section 501(c)(3) of the Code and that it is classified as a private foundation as defined in section 509(a).

Your purpose is to award scholarships for college to high school students. These grants provide additional funding to help students with tuition at a post-secondary school.

The criteria to determine eligibility for the grants are:

- The applicant must be a high school senior attending N high school
- Senior must be enrolled in college or university prior to receiving the scholarship

Recipients are selected based on the eligibility criteria listed above. In their grant request, the applicant must detail their financial need, academic accolades, submit a personal essay, community service, GPA, standardized test scores and a personal interview with M's selection committee.

Annual scholarships will be awarded based on merit and financial need. Criteria includes prior academic performance, performance on tests designed to measure ability and aptitude for college work, recommendations from instructors, financial need and personal interviews. Amounts will be for either x or y and the maximum of all scholarships issued per year will be z. All scholarships will be a one time distribution and are not renewable. Applicant must demonstrate confirmation of enrollment to receive the scholarship.

Potential recipients must submit a scholarship application form and provide supporting documentation to be considered for a grant. A scholarship selection committee will first screen the applications to determine whether the applicant meets the grant criteria and then will conduct personal interviews. The selection committee is made up of individuals from N.

As part of the scholarship program, relatives of the scholarship committee are not eligible to vote on said scholarship.

You will maintain records and case histories of all grants, and the payments from you will be made directly to the school in which the recipient is enrolled.

Sections 4945(a) and (b) of the Code impose certain excise taxes on "taxable expenditures" made by a private foundation.

Section 4945(d)(3) of the Code provides that the term "taxable expenditure" means any amount paid or incurred by a private foundation as a grant to an individual for travel, study, or other similar purposes by such individual, unless such grant satisfies the requirements of subsection (g).

Section 4945(g) of the Code provides that section 4945(d)(3) shall not apply to individual grants awarded on an objective and nondiscriminatory basis pursuant to a procedure approved in advance if it is demonstrated that:

- (1) The grant constitutes a scholarship or fellowship grant which is subject to the provisions of section 117(a) and is to be used for study at an educational organization described in section 170(b)(1)(A)(ii);
- (2) The grant constitutes a prize or award which is subject to the provisions of section 74(b), if the recipient of such prize or award is selected from the general public, or
- (3) The purpose of the grant is to achieve a specific objective, produce a report or similar product, or improve or enhance a literary, artistic, musical, scientific, teaching, or other similar capacity, skill, or talent of the grantee.

Section 53.4945-4(c)(1) of the Regulations provides that to secure approval, a private foundation must demonstrate that:

- (i) Its grant procedure includes an objective and nondiscriminatory selection process;
- (ii) Such procedure is reasonably calculated to result in performance by grantees of the activities that the grants are intended to finance; and
- (iii) The foundation plans to obtain reports to determine whether the grantees performed activities that the grants are intended to finance.

Based on the information submitted and assuming your award programs will be conducted as proposed with a view to provide objectivity and nondiscrimination in making the awards, we have determined that your procedures for granting the awards comply with the requirements contained in section 4945(g) of the Code and that awards granted in accordance with such procedures will not constitute "taxable expenditures" within the meaning of section 4945(d)(3).

In addition, we have determined that awards made under your procedures are excludable from the gross income of the recipients subject to the limitations provided by section 117(a) of the Code.

This determination is conditioned on the understanding that there will be no material change in the facts upon which it is based. It is further conditioned on the premise that no grants will be awarded to foundation managers, or members of the selection committee, or for a purpose that is inconsistent with the purpose described in section 170(c)(2)(B) of the Code.

The approval of your award program procedures herein constitutes a one-time approval of your system standards and procedures designed to result in awards which meet the requirements of section 4945(g)(1) of the Code. This determination only covers the grant programs described above. Thus, approval shall apply to subsequent award programs only as long as the standards and procedures under which they are conducted do not differ materially from those described in your request.

Any funds you distribute to individuals must be made on a true charitable basis in furtherance of the purposes for which you are organized. Therefore, you should maintain adequate records and case histories so that any or all award distributions can be substantiated upon request by the Internal Revenue Service.

This determination is directed only to the organization that requested it. Section _____ of the Code provides that it may not be used or cited as a precedent.

You must report any future changes in your grant making procedures. Please keep a copy of this letter in your permanent records.

If you have any questions, please contact the person whose name and telephone number are shown above.

Sincerely yours,

Lois Lerner
Director, Exempt Organizations

Enclosure, Notice 437